

HCB Locations:

150 West Court Street
Hastings, Michigan 49058
269-945-2401

435 Arlington Street
Middleville, Michigan 49333
269-795-3338

111 East Capital Avenue
Bellevue, Michigan 49021
269-763-9418

310 North Main Street
Nashville, Michigan 49073
517-852-0790

9265 Cherry Valley
Caledonia, Michigan 49316
616-891-0010

156 West Superior
Wayland, Michigan 49348
269-792-6201

124 West Michigan Avenue
Marshall, Michigan 49068
269-558-0994

Home Banking Center
269-948-2000 or
Toll-Free 1-888-HCB-HCB1

hastingscitybank.com

Transfer Agent
HCB Financial Corp.
c/o American Stock Transfer &
Trust Company, LLC
6201 15th Avenue, Brooklyn, NY 11219
Toll-Free 1-800-937-5449 or 1-718-921-8124



Hastings City Bank

Here For You Since 1886



**THIRD QUARTER FINANCIAL REPORT
2017**

October 26, 2017

To Our Shareholders:

Enclosed is our check representing the regular quarterly cash dividend of \$.15 per share on your HCB Financial Corp. common stock. This dividend is payable today to shareholders of record at the close of business on October 2, 2017.

Net income for the first nine months of the year was \$1,509,000 or \$1.42 per share. This was a 16 percent increase over earnings of \$1,302,000 or \$1.22 per share during the same period in 2016. Total assets increased one percent over the previous 12 months to \$316,324,000. Deposits also increased one percent to \$269,443,000 while total loans increased four percent to \$181,187,000.

We are pleased that earnings have continued to surpass our internal forecast throughout the year. This is based on several contributing factors. We've been able to achieve a slightly better interest margin than planned. We are still coping with low interest rates and narrow spreads, but our current asset mix is comprised of a greater percentage of higher yielding commercial loans compared to what we have seen in the past. Steady loan growth along with an increase in volume and profitability of our Trust and Investment Group has also contributed to this outcome. We've taken a greater allowance into our loan loss provision this year. While asset quality has remained favorable, we needed to account for our loan growth.

Today marks our 131st anniversary as a community bank. In 1886, our bank was awarded just the eleventh bank charter ever granted in the State of Michigan and we still operate under that same charter today. We're proud of our rich history and the impact we've had on the communities we serve. Our goal now is to make our past the prologue to a future of continued success and service.

As always, the directors, the senior officers, and I welcome your comments, questions, and suggestions. Please feel free to contact any of us at any time.

Yours truly,



Mark A. Kolanowski
President and
Chief Executive Officer

HCB FINANCIAL CORP.

(Unaudited) Dollars in thousands, except per share data.

Financial Highlights	Year-to-Date September 2017	Year-to-Date September 2016	% Change
Interest Income (inc. loan fees)	\$7,399	\$6,946	7%
Interest Expense	432	431	0%
Loan Loss Provision	80	38	111%
Net Interest Income	\$6,887	\$6,477	6%
Non-Interest Income	2,061	2,051	0%
Other Non-Interest Expense	7,284	7,106	3%
Federal Income Tax Provision	155	120	29%
Net Income after Tax	\$1,509	\$1,302	16%
Per Share Data			
Average Outstanding Shares	1,066,000		
Net Income per Share	1.42	1.22	16%
Dividends per Share	0.45	0.42	7%
Book Value per Share	28.29	27.75	2%
Balance Sheet Highlights			
(Unaudited) Dollars in thousands, except per share data.			
Assets	\$316,324	\$311,899	1%
Loans (gross)	\$181,187	\$173,722	4%
Deposits	\$269,443	\$266,684	1%
Interest Earning Assets	\$288,759	\$282,766	2%
Shareholders Equity	\$30,162	\$29,586	2%